

Sallie Mae Proposal for
Methodist University
AY 2010-2011

March 12, 2010

Smart Option Student Loan[®]

Upromise[®]

Education Investment Planner[®]

Tuition Payment Plans

bedebtsavvySM



SallieMae.com

Marilyn Wicker
Loan Coordinator
Methodist University
5400 Ramsey Street
Fayetteville, NC 28311

March 12, 2010

Dear Marilyn:

Thank you for the opportunity to respond to your request for information on behalf of Sallie Mae[®]. It is a privilege to be considered for placement on Methodist University's lender list for Academic Year 2010-2011.

The landscape of higher education financing has shifted, but our focus on helping students has not. Sallie Mae is the only major lender whose primary business is helping families save, plan, and pay for college.

With Sallie Mae on your lender list, your families and your school will benefit from:

▶ **Experience and expertise**

No one has helped more students save, plan and pay for college than Sallie Mae.

▶ **Easy online application and account management**

It's fast and easy to apply for a loan online and make changes to student loan accounts.

▶ **Reliable loan servicing**

We manage some \$192 billion in student loans and serve approximately 10 million customers. Our call centers have convenient hours and knowledgeable representatives who are trained to provide answers in a prompt, courteous manner.

▶ **Services that allow your students to pay down their loan balances by doing things they already do daily.** The Sallie Mae Upromise[®] Rewards program enables students to earn rewards on their everyday purchases. With Upromise Loan Link[®], savings balances of at least \$25 can be automatically transferred to a Sallie Mae-serviced student loan account on a quarterly basis.

- ▶ **An online tool to help families build a plan to save and pay for college.** The Sallie Mae Education Investment Planner[®] is a free online tool that makes it easy for families to quickly estimate the total cost of college, find ways to save and pay for it, and estimate monthly loan payments after graduation, just by visiting SallieMae.com/invest.



Ongoing changes in our industry are creating new challenges. But they are also creating new opportunities for Sallie Mae to serve as a trusted partner for your families.

With our more than 35-year track record, you can be confident that when your students and families choose Sallie Mae, they will be offered an industry-leading portfolio of education tools, college savings plans, tuition payment plans, loan repayment solutions, and dedicated customer service to meet their needs at every stage of the higher education funding cycle.

If you have any questions about this proposal, please give me a call.

Respectfully submitted,
Debbie Youngberg
Account Support Executive
800-521-7652
Higher-ed-sales-team@salliemae.com

Sallie Mae reserves the right to modify or discontinue products, services, and borrower benefits (including interest rate reductions) at any time without notice. Applicants should check the Sallie Mae website close to their loan application date and again prior to disbursement to obtain the most up-to-date information regarding products, services, and borrower benefits.

General Information

1. Lender Name, Lender Code, Address, Phone Numbers, Website

Lender and Code:	Sallie Mae, FFELP Lender Code 802218
Address:	12061 Bluemont Way, Reston, VA 20190
Borrower phone number:	888-2-SALLIE
School phone number:	888-2-SCHOOL
Website:	SallieMae.com

2. How long has Sallie Mae been in the student loan industry?

Sallie Mae was created by Congress in 1973 as part of the Federal Family Education Loan Program (FFELP). Sallie Mae entered the private education business in 1996 and began making federal Stafford and PLUS loans in 1998.

3. Given recent changes in the student loan industry, how strong is Sallie Mae?

Changes in our industry are creating new opportunities for Sallie Mae to help your students and their families save, plan, and pay for college. We remain strong and well-capitalized, fully able to meet the education funding needs of today's students.

For the 2010/2011 academic year, we intend to offer the same loan programs and services that we offer today. Should conditions outside of our control prohibit us from making federal loans in the future, we will continue to serve your students with private loans such as the Sallie Mae Smart Option Student Loan, and we're committed to ensuring that your students receive the education funds they need – on time and without disruption.

In addition, we will continue to provide value-added services such as college savings plans, tuition payment plans, the Education Investment Planner, and the Sallie Mae Upromise Rewards program.

Another measure of Sallie Mae's strength is its large and fast-growing loan servicing business. We are the nation's largest servicer of federal and private student loans, managing approximately \$192 billion in student loans for some 10 million student and parent customers. We are one of four companies selected to service federal loans under the Ensuring Continued Access to Student Loans Act, and in the summer of 2010, we expect to begin servicing loans originated under the federal direct lending program. Your students and their families will receive servicing that is consistent, time-tested, and reliable when you work with Sallie Mae.

Federal Loans

SALLIE MAE'S OFFERING OF BORROWER BENEFIT PROGRAMS IS NOT CONTINGENT ON METHODIST UNIVERSITY SELECTING SALLIE MAE OR A SALLIE MAE LENDER PARTNER ON METHODIST UNIVERSITY'S FFEL PREFERRED LENDER LIST OR IN RETURN FOR FFEL VOLUME OR FFEL APPLICATIONS. SALLIE MAE WILL OFFER THESE BENEFIT PROGRAMS REGARDLESS OF WHETHER METHODIST UNIVERSITY PUTS SALLIE MAE OR A SALLIE MAE LENDER PARTNER ON YOUR PREFERRED LENDER LIST.

Note: We intend to offer in the 2010/2011 academic year the same loan programs and services we are offering now the 2009/2010 academic year. However, how we proceed for the 2010/2011 academic year could change if federal laws or regulations impacting the FFELP change.

4. Please describe the borrower benefits on your Stafford and PLUS Loans

Borrowers who authorize the automatic debit of funds from a designated bank account to cover their monthly education loan payments will receive an interest rate reduction of 0.25 percentage point during repayment on eligible Stafford and PLUS Loans. Assuming the loan is serviced by Sallie Mae, the benefit remains available for as long as the borrower's monthly payment amount is successfully deducted from the designated bank account. Borrowers can elect to make payments via automatic debit through Sallie Mae's online account management system. This benefit lowers the loan's interest rate but does not change the amount of the monthly payment. This

benefit is suspended during periods of deferment or forbearance. If the loan is not serviced by Sallie Mae, other restrictions may apply.

5. What are the interest rates for your FFELP Loans?

The interest rate on subsidized Stafford loans for undergraduate students that are first disbursed July 1, 2010-June 30, 2011 is 4.5%. For all subsidized Stafford loans for graduate and professional students and all unsubsidized Stafford loans for all students first disbursed beginning July 1, 2008, the interest rate is fixed at 6.8%.

The interest rate for Parent PLUS loans first disbursed on or after July 1, 2006 is fixed at 8.5%.

The Graduate PLUS interest rate is fixed at 8.5%.

6. What repayment options do you offer for your FFELP Loans?

Sallie Mae understands that each customer has unique circumstances affecting their ability to repay their education loans, so we offer solutions that include access to repayment resources as well as a variety of flexible repayment options.

Repayment Resources

Sallie Mae's call center representatives are available to help counsel customers on the repayment solution that may best fit their needs. Customers may also take advantage of practical, straightforward advice and a variety of repayment tools, all of which are available online at SallieMae.com.

Repayment Options

Customers who cannot afford the standard monthly payment amount may be eligible to make lower payments through a variety of alternative repayment plans that are outlined below:

- ▶ Standard repayment offers borrowers the lowest total loan cost. Regular payments of both principal and interest are due monthly.

- ▶ Graduated repayment offers payment relief to borrowers by reducing monthly payments to as low as interest only for up to four years of repayment. Full payments of principal and interest will follow for the remaining repayment term. Reduced payments will, however, increase the total loan cost.
- ▶ Income-sensitive repayment, available exclusively on federal student loans, offers monthly payments that are based on a percentage (4-25 percent) of the borrower's monthly gross income. The monthly payment amount should cover at least accruing interest and payments are adjusted annually to reflect changes in income. Borrowers interested in income-sensitive repayment must re-apply annually for this option. Using this option to reduce the monthly payment amount means that borrowers will pay more in interest than they would under the standard repayment plan.
- ▶ Income-based repayment option (IBR), which lenders were authorized to begin offering on July 1, enables federal student loan customers experiencing financial difficulty to cap their monthly bill at 15 percent of their discretionary income. IBR also allows eligible customers to extend their repayment term from the standard 10 years to up to 25 years, after which any remaining balance will be forgiven. To help customers assess whether they qualify for the new plan, Sallie Mae's web site at www.salliemae.com/ibr offers a repayment calculator that estimates borrower eligibility, initial monthly payment, total payment, and the amount of any balance remaining after 25 years. The site also includes in-depth counseling guides to help students better understand IBR.
- ▶ Extended repayment provides eligible borrowers with standard and graduated repayment options for up to a 25-year repayment term for federal student loans. To qualify for up to a 25-year repayment term on Federal Stafford and PLUS loans, a borrower's outstanding balance on these loans must exceed \$30,000 and meet certain date restrictions.

7. Do you sell your federal loans?

Sallie Mae has sold, and plans to sell in the future, eligible loans to the U.S. Department of Education (ED) under the Ensuring Continued Access to Student Loans Act (ECASLA).

Based on our AY 08/09 sales to ED, we expect ED will designate Sallie Mae as the servicer and allow us to service these loans going forward, though we cannot guarantee it.

Financial Literacy and Debt Management

8. Describe the steps your company is taking to help reduce student debt and prompt financial literacy.

Sallie Mae participates in every stage of the higher education life cycle with financial education as an integral component at each stage. In addition to our commitment to educating borrowers about smart money management, Sallie Mae has numerous materials and resources available to you and your students.

Sallie Mae's **Education Investment Planner**, a free online tool at SallieMae.com/invest, makes it easier for families and financial aid administrators to quickly estimate the total cost of college and find ways to save and pay for it. The Planner helps families project their savings against future education costs and compare their savings plan to how other families pay for school; for college-bound families, the Planner shares cost of attendance estimates at more than 5,500 colleges and universities and explores funding options to help families meet the projected cost. The Planner can even help student and parent borrowers estimate what their monthly payments could be after graduation.

Sallie Mae's '**Be Debt Savvy**' Web site, SallieMae.com/bedebtsavvySM, offers free resources designed to educate consumers from high school through college graduation and beyond. 'Be Debt Savvy' outlines the 10 rules of smart credit management including maintaining a good credit rating, understanding credit reports, using credit wisely and guarding against identity theft.

Sallie Mae also has numerous resources intended to help students and families be better stewards of their money, including our **Student Answer**SM **e-newsletters**, which are sent to our student customers to help them build strong personal credit during their school years and beyond. Our Student Answer e-newsletters are a

regular monthly presence in students' lives that deliver clear, relevant financial education in a lively, read-anytime format.

Finally, as part of our commitment to financial literacy, we ask the public about their experiences and report on them as well. Sallie Mae has teamed up with the Gallup organization to conduct **annual surveys on “How America Saves for College” and “How America Pays for College.”** The surveys provide critical insights into the attitudes, choices and real concerns of American families as they save, plan, and pay for college. We also conduct a bi-annual survey of **College Students and Credit Cards**, prompted by concern over increasing credit activity among college students who might be better served seeking lower cost financing alternatives. The research can be found at SallieMae.com/about/news_info/research/.

9. What services do you provide regarding default prevention?

Sallie Mae is committed to helping student borrowers understand their education debt and manage it successfully. To that end, we utilize a variety of strategies such as affordable repayment plans, automated repayment tools, and other debt management tools that provide assistance to borrowers

Sallie Mae's Asset Performance Group[®] (APG) is one of the nation's largest student loan debt management organizations, offering a single point of service for cohort default rate management, post-default recovery, skip-tracing, campus-based accounts receivable collection and default portfolio management. APG comprises subsidiary companies and an internal default portfolio management unit. Your school may choose to work with any APG subsidiary company regardless of whether you choose to recommend any Sallie Mae lenders to students, or whether Sallie Mae receives any loan applications or volume.

Borrower Support

10. Do you provide a toll free number for borrowers? What is your average speed of answer?

Yes. Borrowers with questions about their accounts can call Sallie Mae toll-free at 888-2-SALLIE (888-272-5543). Representatives are available 8 a.m. to 9 p.m. ET, Monday through Thursday, and 8 a.m. to 8 p.m. ET on Friday. For 2009, the average speed of answer in the borrower origination call center was 42 seconds.

11. Describe how borrowers can manage their accounts online.

Sallie Mae offers a quick and easy online application process through SallieMae.com. This process includes web data entry, electronic signature, and the ability to check the status of pending applications.

Sallie Mae's online account management tool gives borrowers secure, online access to their Sallie Mae-serviced loans 24 x 7. Borrowers can use this tool to:

- ▶ Access up-to-date loan information
- ▶ Change payment method
- ▶ Access repayment option enrollment forms
- ▶ Apply for automatic debit
- ▶ Make payments online
- ▶ Apply for forbearance online or by downloading form
- ▶ Apply for unemployment or economic deferments online
- ▶ Download all other deferment forms for certification and mailing
- ▶ Send e-mail to Sallie Mae's customer service
- ▶ Update contact information
- ▶ Securely read Sallie Mae account email

12. Do you conduct customer satisfaction surveys?

Yes - everyday. In order to ensure the satisfaction of our borrowers, Sallie Mae performs customer service surveys on a daily basis and uses the survey information to address customer concerns and continually improve our level of service.

Customer Service Survey Results

January 1, 2009 – December 31, 2009

Issue Resolution	87%
Agent Score	90%

School Support

13. Do you provide dedicated school representatives? What hours are they available?

A team of regional CollegeServ[®] experts are assigned to your school. Your regional CollegeServ team will be thoroughly familiar with your school's process and available to answer any day-to-day questions from members of your financial aid staff. Your CollegeServ team can be reached at 888-2-SCHOOL.

14. What reporting options are available?

Sallie Mae's premier loan delivery system, OpenNet[®], offers standard and custom query and reporting. Schools are encouraged to use OpenNet Web Loan Delivery's robust reporting tools and Sallie Mae's Document-Direct for the Internet (DDI) system to pull regularly generated reports. OpenNet users may create their own custom queries selecting from an extensive list of loan or disbursement-related data elements, or may choose one of the pre-defined reports directly online. Results are returned within minutes, or users may opt for OpenNet to run the report off-line and to receive an email notification once the report is complete. The results may be accessed with a confirmation number sent in the email notification. All report data may be exported out of OpenNet and into Excel for additional reporting needs.

15. How quickly do you resolve school issues?

CollegeServ representatives strive to solve any issues the same day as they are received, although response times can vary according to the nature and scope of the problem. 2009 CollegeServ survey results show a 95.16 % issue resolution rate for schools.

Disclaimer Page



The contents of this proposal are confidential and contain information that is proprietary to Sallie Mae. Methodist University agrees that this proposal and its contents shall be maintained in confidence and may only be disclosed to those employees or agents of Methodist University who have a need to know this information for the purpose of evaluating this proposal.

By submitting this proposal, Sallie Mae agrees only to the terms set forth in this proposal. Sallie Mae reserves the right to revise this proposal at any time. To the extent that items included in this proposal differ from the Request for Proposal, this proposal constitutes a counter-proposal with respect to the terms that differ. All intellectual property resulting from performing any work in connection with this proposal belongs to Sallie Mae. For purposes of this proposal, "Sallie Mae" means SLM Corporation[®] and its affiliates and subsidiaries.